

Federal Reserve System

§ 201.104

Federal Reserve Bank	Rate	Effective
St. Louis .....	.75	Nov. 7, 2002.
Minneapolis .....	.75	Nov. 7, 2002.
Kansas City .....	.75	Nov. 7, 2002.
Dallas .....	.75	Nov. 6, 2002.
San Francisco .....	.75	Nov. 6, 2002.

[Reg. A, 67 FR 69467, Nov. 18, 2002]

EFFECTIVE DATE NOTE: At 67 FR 67787, Nov. 7, 2002, § 201.51 was revised, effective Jan. 9, 2003. For the convenience of the user, the revised text follows:

§ 201.51 Interest rates applicable to credit extended by a Federal Reserve Bank.

(a) *Primary credit.* The rate for primary credit provided to depository institutions under § 201.4(a) is a rate above the target federal funds rate of the Federal Open Market Committee.

(b) *Secondary credit.* The rate for secondary credit extended to depository institutions under § 201.4(c) is a rate above the primary credit rate.

(c) *Seasonal credit.* The rate for seasonal credit extended to depository institutions under § 201.4(b) is a flexible rate that takes into account rates on market sources of funds.

(d) *Primary credit rate in a financial emergency.* (1) The primary credit rate at a Federal Reserve Bank is the target federal funds rate of the Federal Open Market Committee if:

(i) In a financial emergency the Reserve Bank has established the primary credit rate at that rate; and

(ii) The Chairman of the Board of Governors (or, in the Chairman's absence, his authorized designee) certifies that a quorum of the Board is not available to act on the Reserve Bank's rate establishment.

(2) For purposes of this paragraph (d), a financial emergency is a significant disruption to the U.S. money markets resulting from an act of war, military or terrorist attack, natural disaster, or other catastrophic event.

§ 201.52 Other credit for depository institutions.

(a) *Seasonal credit.* The rate for seasonal credit extended to depository institutions under § 201.3(b) is a flexible rate that takes into account rates on market sources of funds, but in no case will the rate charged be less than the rate for adjustment credit as set out in § 201.51.

(b) *Extended credit.* For extended credit to depository institutions under

§ 201.3(c), for credit outstanding for more than 30 days, a flexible rate will be charged that takes into account rates on market sources of funds, but in no case will the rate charged be less than the rate for adjustment credit, as set out in § 201.51, plus one-half percentage point. At the discretion of the Federal Reserve Bank, the 30-day time period may be shortened.

(c) *Special liquidity facility.* The rate for credit extended to eligible institutions under the special liquidity facility provisions in § 201.3(e) is equal to the targeted federal funds rate plus 1.5 percentage points on each day the credit is outstanding.

[Reg. A, 59 FR 29538, June 8, 1994, as amended at 59 FR 60700, Nov. 28, 1994; 64 FR 41770, Aug. 2, 1999]

EFFECTIVE DATE NOTE: At 67 FR 67787, Nov. 7, 2002, § 201.52 was removed, effective Jan. 9, 2003.

INTERPRETATIONS

§ 201.104 Eligibility of consumer loans and finance company paper.

(a) The Board of Governors has clarified and modified its position with respect to the eligibility of consumer loans and finance company paper for discount with and as collateral for advances by the reserve banks.

(b) Section 13, paragraph 2, of the Federal Reserve Act authorizes a Federal Reserve Bank, under certain conditions, to discount for member banks

* * * notes, drafts, and bills of exchange arising out of actual commercial transactions; that is, notes, drafts, and bills of exchange issued or drawn for agricultural, industrial, or commercial purposes, or the proceeds of which have been used, or are to be used, for such purposes, the Board of Governors of the Federal Reserve System to have the right to determine or define the character of the paper thus eligible for discount, within the meaning of this Act.

(c) It continues to be the opinion of the Board that borrowing for the purpose of purchasing goods is borrowing for a commercial purpose, whether the borrower intends to use the goods himself or to resell them. Hence, loans made to enable consumers to purchase automobiles or other goods should be included under commercial, agricultural, and industrial paper within the